

TO: Members of the Iowa Senate and
Members of the Iowa House of Representatives

FROM: Jeff Robinson and Shawn Snyder

DATE: July 1, 2013

Monthly General Fund Receipts through June 30, 2013

The attached spreadsheet presents FY 2013 General Fund total net receipts with comparable figures for actual FY 2012. The figures can be compared to the FY 2013 estimate of \$6.526 billion set by the Revenue Estimating Conference (REC) on March 22, 2013. The FY 2013 estimate is an increase of \$323.8 million (5.2%) compared to actual FY 2012 total net receipts (excludes transfers). The next REC meeting has not been scheduled.

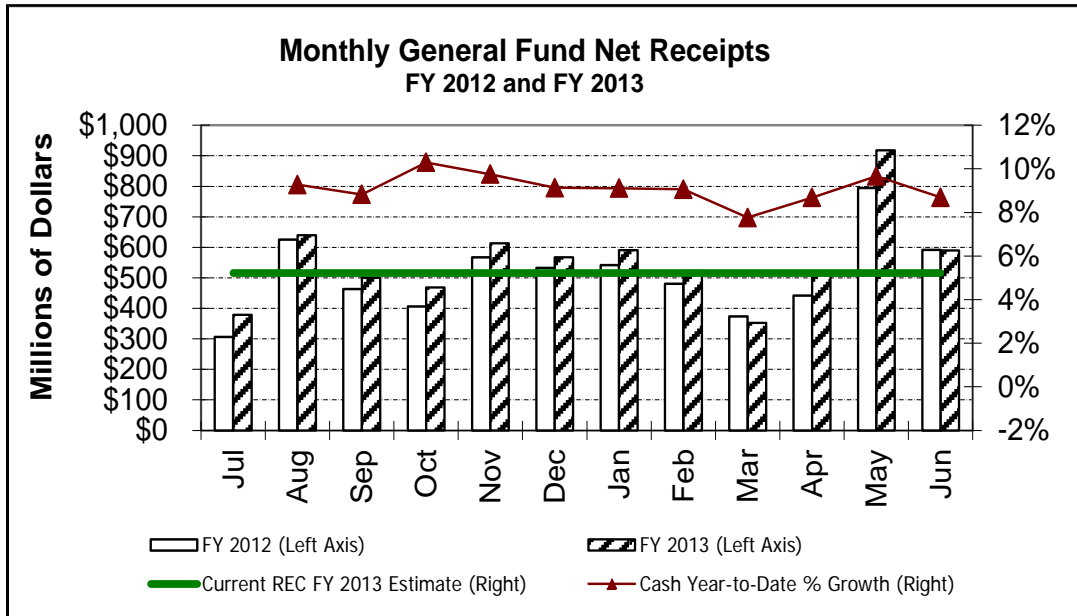
FY 2013 Monthly Estimate Comparison - Dollars in Millions						
Most Recent REC Projected Growth for the Year, Excluding Transfers = + 5.2%						
Year-to-Date Ending:	Year-to-Date FY 2012	Year-to-Date FY 2013	Dollar Change	% Change	Year-to-Date Change at REC Estimate for the Entire Year	Year-to-Date Above (Below) Estimated Change
July	\$305.9	\$378.2	\$72.3	23.6%	\$16.0	\$56.3
Aug	931.4	1,017.8	86.4	9.3%	48.6	37.8
Sept	1,394.2	1,517.2	123.0	8.8%	72.8	50.2
Oct	1,799.9	1,985.1	185.2	10.3%	94.0	91.2
Nov	2,366.8	2,597.7	230.9	9.8%	123.6	107.3
Dec	2,899.4	3,164.2	264.8	9.1%	151.4	113.4
Jan	3,440.7	3,754.4	313.7	9.1%	179.6	134.1
Feb	3,921.1	4,276.3	355.2	9.1%	204.7	150.5
Mar	4,294.9	4,628.3	333.4	7.8%	224.2	109.2
Apr	4,736.3	5,147.6	411.3	8.7%	247.3	164.0
May	5,530.8	6,065.5	534.7	9.7%	288.7	246.0
Jun	6,122.9	6,654.9	532.0	8.7%	319.6	212.4
Year end	6,202.4					

Overview of Current Situation

June 2013 net General Fund revenue was \$2.5 million (- 0.4%) below the June 2012 revenue level. General Fund net revenues ended the cash fiscal year \$532.0 million (8.7 %) higher than FY 2012 and \$212.4 million above the current revenue estimate (final FY 2013 net revenue will not be available until September). Major sources of tax revenue and their contribution to the FY 2013 change include:

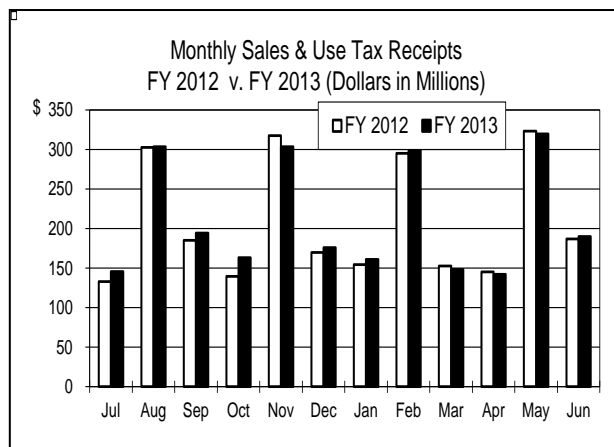
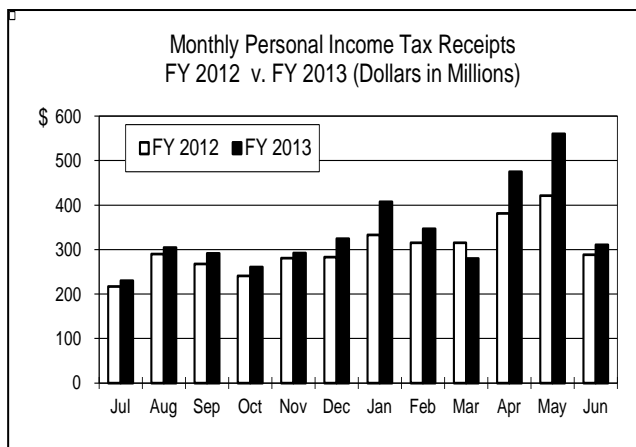
- Personal income tax (positive \$449.6 million, 12.4%)
- Sales/use tax (positive \$42.3 million, 1.7%)

- Corporate tax (positive \$34.6 million, 6.6%)
- Other taxes (positive \$16.3 million, 4.6%)
- Other receipts (negative \$26.7 million, -7.5%)
- Tax refunds not including school infrastructure refunds (positive \$19.3 million)
- School infrastructure sales/use tax refunds (negative \$3.4 million)



Personal Income Tax revenue received in June totaled \$310.6 million, an increase of \$22.4 million (7.8%) compared to June 2012.

The FY 2013 REC income tax estimate of \$3.957 billion represents a projected increase of 8.9% compared to actual FY 2012. Gross personal income tax receipts ended the cash year \$449.6 million (12.4%) above FY 2012. By subcategory, withholding payments increased \$155.6 million (5.5%), estimate payments increased \$122.5 million (29.9%), and payments with returns increased \$171.5 million (42.4%). The following chart compares FY 2013 monthly income tax receipts from the three personal income tax subcategories with FY 2012.



Sales/Use Tax receipts received in June totaled \$190.1 million, an increase of \$3.3 million (1.8%) compared to June 2012.

The REC estimate for FY 2013 sales/use tax receipts is \$2.583 billion, an increase of 3.1% compared to actual FY 2012. Gross sales/use tax receipts ended the cash year at \$2,547.6 million, an increase of \$42.3 million (1.7%) compared to FY 2012. The preceding chart compares FY 2013 monthly sales/use tax receipts with FY 2012.

Corporate Tax receipts received in June totaled \$70.1 million, a decrease of \$10.6 million (- 13.1%) compared to June 2012.

The REC estimate for FY 2013 corporate tax revenue is \$554.7 million, an increase of 6.5% compared to actual FY 2012. Gross corporate tax receipts ended the cash year at \$555.3, an increase of \$34.6 million (6.6%) over FY 2012.

Other tax receipts received in June totaled \$52.6 million, a decrease of \$16.9 million (- 24.3%) compared to June 2012. The deposit timing issues that positively impacted insurance premium tax amounts in May reversed in June.

The REC estimate for FY 2013 other tax revenue is \$375.8 million, an increase of 5.8% compared to actual FY 2012. The cash year ending total for FY 2013 other revenue was \$371.6 million, an increase of \$16.3 million (4.6%).

Other receipts (non-tax receipts) received in June totaled \$27.6 million, an increase of \$2.7 million (10.8%) compared to June 2012.

The REC estimate for FY 2013 other receipts revenue is \$320.3 million, a decrease of 10.2% compared to actual FY 2012. Other receipts ended the cash year at \$329.9 million, a decrease of 7.5% compared to FY 2012.

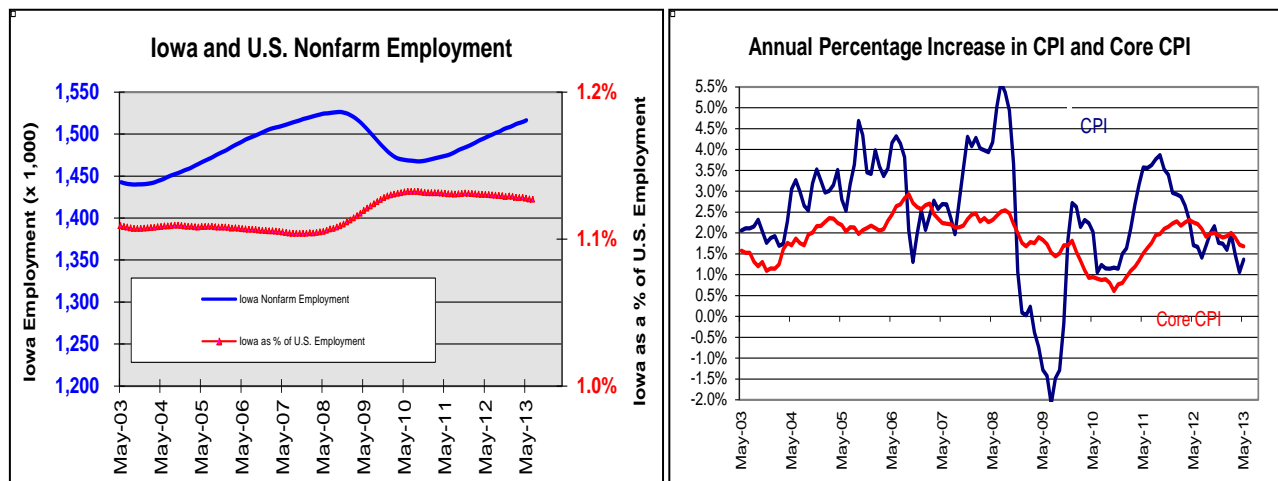
Tax Refunds issued in June totaled \$30.7 million, an increase of \$3.2 million (11.6%) compared to June 2012. School infrastructure refunds totaled \$30.9 million in June, an increase of \$0.1 million compared to June 2012. For the cash year, regular tax refunds decreased \$19.3 million and school infrastructure refunds increased by \$3.4 million. Tax refund accounts remain open through August 31, so refunds issued over the next two months will also be charged to FY 2013.

Status of the Economy

Iowa nonfarm employment was reported at 1,544,700 for the month of May (not seasonally adjusted), 21,700 higher (1.4%) than May 2012.

Iowa's 12-month average employment is presented as the blue line on the following graph. Iowa's average nonfarm employment peaked in October 2008 at 1,526,400, and was 47,700 above the peak prior to the previous recession (January 2001). The current 12-month average reading is now 1,516,500, resulting in an annual average Iowa nonfarm employment level 9,800 below the October 2008 peak.

The employment chart also presents Iowa nonfarm employment as a percent of U.S. nonfarm employment. Iowa's share of U.S. nonfarm employment decreased noticeably from 1999 through 2002, decreased at a much slower pace from 2002 through 2007, and increased from January 2008 through June 2010. Since that time, Iowa's percent of U.S. employment has declined as the percentage growth in U.S. employment has exceeded the percentage growth in Iowa employment.



The Consumer Price Index (CPI-U) through May 2013 was 232.945 (1983/84=100). Consumer prices increased (1.8%) in May (not seasonally adjusted) while the annual rate of inflation increased to 1.4% from the previous month's level of 1.1%.

Core CPI, an inflation measure excluding food and energy expenditures, increased in May and totaled 1.7% year-over-year. For the two components excluded from the core rate, energy prices are down 1.0% year-over-year and food prices are up 1.4%.

Information related to State General Fund receipts is available on the Fiscal Services Division's web site at: <http://www.legis.iowa.gov/receipts/daily.html>

GENERAL FUND RECEIPTS - FY 2012 vs. FY 2013 July 1 through June 30 (in millions of dollars) Dollars may not add due to rounding. Percentages calculated on rounded numbers.					ESTIMATED GENERAL FUND RECEIPTS (in millions of dollars) FY 12 Actual Compared to FY 13 REC Estimate		
	FY 2012	FY 2013	Year to Date % Change	June % Change	Actual FY 2012	Estimate FY 2013	Projected % Change
Personal Income Tax	\$ 3,634.3	\$ 4,083.9	12.4%	7.8%	\$ 3,634.3	\$ 3,957.0	8.9%
Sales/Use Tax	2,505.3	2,547.6	1.7%	1.8%	2,505.3	2,583.3	3.1%
Corporate Income Tax	520.7	555.3	6.6%	-13.1%	520.7	554.7	6.5%
Inheritance Tax	77.6	86.8	11.9%	-11.1%	77.6	92.4	19.1%
Insurance Premium Tax	101.4	104.9	3.5%	-45.0%	101.4	106.1	4.6%
Cigarette Tax	103.2	102.7	-0.5%	-10.5%	103.2	96.2	-6.8%
Tobacco Tax	16.3	18.7	14.7%	31.8%	16.3	17.4	6.7%
Beer Tax	14.2	14.5	2.1%	27.3%	14.2	14.6	2.8%
Franchise Tax	41.5	42.9	3.4%	-10.5%	41.5	48.0	15.7%
Miscellaneous Tax	1.1	1.1	0.0%	-100.0%	1.1	1.1	0.0%
Total Gross Taxes	\$ 7,015.6	\$ 7,558.5	7.7%	-0.3%	\$ 7,015.6	\$ 7,470.8	6.5%
Institutional Payments	13.0	14.3	10.0%	25.0%	13.0	14.5	11.5%
Liquor Profits	94.6	96.0	1.5%	20.5%	94.6	94.6	0.0%
Interest	2.4	2.6	8.3%	100.0%	2.4	2.5	4.2%
Fees	29.1	29.1	0.0%	11.1%	29.1	26.9	-7.6%
Judicial Revenue	113.8	108.0	-5.1%	0.9%	113.8	110.0	-3.3%
Miscellaneous Receipts	37.7	39.9	5.8%	12.0%	37.7	31.8	-15.6%
Racing and Gaming Receipts	66.0	40.0	-39.4%	0.0%	66.0	40.0	-39.4%
TOTAL GROSS RECEIPTS	\$ 7,372.3	\$ 7,888.4	7.0%	0.1%	\$ 7,372.3	\$ 7,791.1	5.7%
Accrued Revenue-Net					61.3	19.8	
Tax Refunds *	-841.5	-822.2	-2.3%	11.6%	-820.6	-861.0	4.9%
School Infrast. Refunds *	-407.9	-411.3	0.8%	0.3%	-410.6	-423.7	3.2%
TOTAL NET RECEIPTS	\$ 6,122.9	\$ 6,654.9	8.7%	-0.4%	\$ 6,202.4	\$ 6,526.2	5.2%
* For FY 2012 and FY 2013 Year-to-Date columns, refunds are presented on a cash basis. For FY 2012 Actual and FY 2013 Estimate, refunds are presented on a fiscal year basis.							